



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 018093

In the matter between

BOE Private Equity Investments (Pty) Ltd

Primary Acquiring Firm

and

Little Green Beverages (Pty) Ltd

Primary Target Firm

Panel	:	Yasmin Carrim (Presiding Member) Takalani Madima (Tribunal Member) Andiswa Ndoni (Tribunal Member)
Heard on	:	11 December 2013
Order issued on	:	11 December 2013
Reasons issued on	:	07 January 2013

Reasons for Decision

Approval

[1] On 11 December 2013 the Competition Tribunal ("Tribunal") unconditionally approved the merger between BOE Private Equity Investments (Pty) Ltd ("BOE") and Little Green Beverages (Pty) Ltd ("LGB").

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

[3] The primary acquiring firm is BOE. BOE is controlled by Nedbank Limited, which in turn is controlled by Nedbank Group Limited ("Nedbank Group"). Nedbank Group is ultimately controlled by Old Mutual plc ("Old Mutual"). Old Mutual is the

ultimate holding company of BOE and is controlled by no other firm. Nedbank Group is listed on the Johannesburg and Namibian stock exchanges whilst Old Mutual is listed on the Johannesburg and London stock exchanges. BOE is used as a vehicle company by Nedbank Limited to make various private equity investments.

- [4] The primary target firm is LGB which is a privately owned entity. LGB manufactures supplies and sells two-litre carbonated soft drinks. Its brands include Refreshhh, Soda T, Cambridge, Freshhhers, Chill and Oney. These drinks are manufactured in 16 different flavours.
- [5] LGB distributes to large supermarket chains that have centralised warehouses, these supermarkets will then distribute LGB products to their various stores nationwide. LGB's manufacturing plants are located in Port Elizabeth, Bloemfontein and Gauteng, from where it then distributes to whichever customer has a centralised distribution warehouse.¹
- [6] LGB supplies its products in Gauteng, Limpopo, Northwest, and Mpumalanga. LGB also currently distributes a limited amount of its products into the Sub-Saharan Africa region, but would like to later expand and set up manufacturing premises in the Sub-Saharan Africa region.²

Proposed transaction and rationale

- [7] The proposed transaction entails a sale of shares by some of the shareholders in LGB to BOE. Post merger, BOE will acquire 30% of the issued share capital in LGB.
- [8] BOE submits that the proposed transaction represents an attractive private equity investment opportunity, whilst LGB shareholders submit that the transaction represents an opportunity to realise a portion of their investment in LGB for an attractive price.

¹ See para 10 page 3 of Transcript of hearing.

² See para 25 page 3-4 of Transcript of hearing.

Competition assessment

[9] The proposed transaction results in no vertical or horizontal overlaps. This is because the acquiring firm is not active in the same market of carbonated soda drinks as the target firm. In addition to this, BOE does not participate, control or invest any other companies which can be considered to be operating in the same product market as LGB, nor does BOE provide any services or products that are reasonably substitutable or interchangeable with those supplied by the target firm.

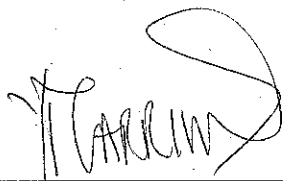
[10] The Commission thus submitted that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for the supply of carbonated soft drinks in South Africa.

Public interest

[11] The proposed transaction will have no adverse effect on employment and raises no other public interest concerns.³

CONCLUSION

[12] We are satisfied with the findings of the Commission and we thus approve the merger unconditionally.



Ms. Yasmin Carrim

07 January 2014
DATE

Dr Takalani Madima Ms. Andiswa Ndoni concurring

Tribunal Researcher: Caroline Sserufusa

For the merging parties: Nicola Gaganakis for Read Hope Philips Attorneys

For the Commission: Khanyisile Majija

³ See page 49 of Merger record.